R.I.T.E.S., INC.

Financial Statements

For the Year Ended December 31, 2005

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Members of
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To the Board of Directors of
R.I.T.E.S., Inc.

We have reviewed the accompanying statement of financial position of R.I.T.E.S., Inc. (a nonprofit organization) as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of R.I.T.E.S., Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

VanTienderen, Carter & Bolander, P.C.

September 9, 2006

R.I.T.E.S., Inc.
Statement of Financial Position
December 31, 2006

ASSETS

Current assets:		
Cash	$	1,122
Accounts receivable		21,391
Other		136
Total current assets		22,649
Property and equipment, net of accumulated depreciation of $850		3,650
TOTAL ASSETS	$	26,299

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$	1,942
Accrued payroll and payroll taxes		40,815
TOTAL LIABILITIES		42,757
NET ASSETS		
Unrestricted net assets (deficit)		(16,458)
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	$	26,299

See accountants' review report and accompanying notes to financial statements.

R.I.T.E.S., Inc.

Statement of Activities

For the Year Ended December 31, 2005

REVENUES:	
Unrestricted-	
Program service revenues	$ 291,269
Contributions and other	2,842
TOTAL REVENUES	294,111
EXPENSES:	
Program service expenses	223,775
Management and general	67,979
TOTAL EXPENSES	291,754
INCREASE IN NET ASSETS - UNRESTRICTED	2,357
UNRESTRICTED NET ASSETS (DEFICIT), BEGINNING OF YEAR	(18,815)
UNRESTRICTED NET ASSETS (DEFICIT), END OF YEAR	$ (16,458)

See accountants' review report and accompanying notes to financial statements.

R.I.T.E.S., Inc.

Statement of Functional Expenses
For the Year Ended December 31, 2005

EXPENSES:	Program Service Expenses	Management and General	Total Expenses
Wages	$ 175,581	$ 11,365	$ 186,946
Rent	-	36,875	36,875
Taxes	14,331	928	15,259
Program expenses	14,692	-	14,692
Auto expense	10,468	-	10,468
Insurance	-	7,318	7,318
Telephone	4,587	905	5,492
Utilities	-	4,116	4,116
Interest	-	3,789	3,789
Other	4,116	2,683	6,799
TOTAL EXPENSES	$ 223,775	$ 67,979	$ 291,754

See accountants' review report and accompanying notes to financial statements.

R.I.T.E.S., Inc.
Statement of Cash Flows
For the Year Ended December 31, 2005

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:	
Change in net assets	$ 2,357
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	362
(Increase) in accounts receivable	(1,339)
(Increase) in other current assets	(136)
Increase in accounts payable	177
(Decrease) in accrued liabilities	(5,034)
NET CASH (USED) BY OPERATING ACTIVITIES	(3,613)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:	
Purchase of equipment	(2,500)
NET CASH (USED) BY INVESTING ACTIVITIES	(2,500)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,113)
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2004	7,235
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2005	$ 1,122

See accountants' review report and accompanying notes to financial statements.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

R.I.T.E.S., Inc. (the Organization) is a nonprofit corporation organized under the laws of the State of Utah. The purpose for which the Corporation was formed is to provide training and education to handicapped individuals to help improve their quality of life. Substantially all of the Organization's revenues are for program services provided to the State of Utah Department of Human Services.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. During the year ended December 31, 2005, the Organization did not receive any restricted contributions, and the Organization had no temporarily or permanently restricted net assets at December 31, 2005.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Office Equipment and Furniture

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Property and equipment is depreciated using the straight-line method over its useful life, which ranges from five to seven years.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Code as other than a private foundation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - DESCRIPTION OF LEASING ARRANGEMENTS

As of December 31, 2005, the Organization had two leases for office space. One lease was for $1,700 per month and expired in March 2006. The other lease was for $1,800 per month and expired in August 2006. Starting in September 2006, the Organization entered into a lease agreement for one year for $700 per month.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Automotive equipment	$ 2,000
Office equipment	700
Office furniture and fixtures	1,800
Subtotal	4,500
Accumulated depreciation	(850)
Net property and equipment	$ 3,650

Depreciation expense for the year ended December 31, 2005, was $362.